NEW RIVER RESOURCE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2026

NEW RIVER RESOURCE AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2026

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FINANCIAL SECTION

NEW RIVER RESOURCE AUTHORITY

DUBLIN, VIRGINIA

FOR THE YEAR ENDED JUNE 30, 2026

(A Governmental organization established January 15, 1987
as a tax-exempt political subdivision within the Commonwealth of Virginia)

BOARD OF DIRECTORS

Mr. Steve Fijalkowski, Chairperson
Montgomery Regional Solid Waste Authority

Mr. Thomas Starnes, Vice Chairperson
City of Radford

Mr. Seth Gillespie
City of Radford

Mr. Dirkson Compton, Secretary
County of Pulaski

Mr. Barry Helms
Montgomery Regional Solid Waste Authority

Ms. Debra Lyons
Town of Dublin

Mr. Michael Mooney
County of Pulaski

Mr. Paul Baker
County of Giles

OFFICIALS

Mr. Joseph R. Levine, P.E., Executive Director

Independent Auditors' Report

To the Board of Directors
New River Resource Authority
Dublin, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of New River Resource Authority, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the New River Resource Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of New River Resource Authority, as of June 30, 2026, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New River Resource Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principles

As described in Note 14 to the financial statements, the Authority adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets*, during the fiscal year ended June 30, 2026. These new standards did not require a restatement of beginning net position. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As discussed in Note 15 to the financial statements, the Authority's June 30, 2025 balances have been restated to correct an error in the classification of investments held as collateral for landfill closure and postclosure care, resulting in the reclassification of $4,479,736 from unrestricted net position to restricted net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New River Resource Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New River Resource Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New River Resource Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2026, on our consideration of New River Resource Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of New River Resource Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New River Resource Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
October 23, 2026

The following management's discussion and analysis (MD&A) of New River Resource Authority (the Authority) provides an overview and analysis of the Authority's financial activities for the fiscal year ended June 30, 2026, compared with the fiscal year ended June 30, 2025. It should be read together with the basic financial statements and the notes to the financial statements, which immediately follow this section. Beginning in fiscal year 2026, this MD&A is presented in accordance with GASB Statement No. 103, *Financial Reporting Model Improvements*, and focuses on why the Authority's financial position and results of operations changed during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a special-purpose government engaged only in business-type activities: the operation of the Cloyd's Mountain Regional Landfill and the closure and postclosure care of its closed landfill and mitigation sites. Its financial statements are those of a single enterprise fund, prepared using the economic resources measurement focus and the accrual basis of accounting. The three statements each answer a different question:

- **The Statement of Net Position** presents what the Authority owns and owes at June 30: assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the difference, net position. Net position is reported in three components: net investment in capital assets, restricted, and unrestricted.
- **The Statement of Revenues, Expenses, and Changes in Net Position** shows how net position changed during the year. Revenues and expenses are recorded when earned or incurred, regardless of when cash is received or paid, and are classified as operating, noncapital subsidies, or other nonoperating. The Authority had no subsidies in fiscal year 2026; investment income and interest expense are its only nonoperating items.
- **The Statement of Cash Flows** reports where cash came from and how it was used in operating, capital and related financing, and investing activities. Unlike the other two statements, it excludes noncash items such as depreciation, closure and postclosure accruals, and changes in the fair value of investments.

The notes to the financial statements provide information that is essential to understanding the statements. The required supplementary information that follows the notes presents schedules for the Authority's Virginia Retirement System (VRS) pension and other postemployment benefit (OPEB) plans.

FINANCIAL SUMMARY

Tables A and B present condensed financial information for fiscal years 2026 and 2025. Fiscal year 2025 balances have been restated to correct the classification of investments held as collateral for landfill closure and postclosure care, as described under Financial Position below and in Note 15. The restatement did not change total net position or the change in net position. The year's key results were:

- Net position increased $9,869 to $32,688,953, compared with a decrease of $530,740 in fiscal year 2025. Lower methane, groundwater, and leachate monitoring costs and lower depreciation more than offset higher landfill closure and postclosure expense and lower investment income.
- The operating loss narrowed by $839,743 to $755,098. The loss is the result of two noncash charges, depreciation/amortization ($2,184,023) and closure and postclosure expense ($711,370). Before those charges, operations produced $2,140,295, and net cash provided by operating activities was $1,889,401.
- Cash and investments, including investments held as collateral for landfill closure and postclosure care, increased $1,889,821 to $27,278,548.
- The Authority incurred no new debt or leases. Financed purchase and lease obligations decreased $588,107 to $986,181 through scheduled payments.

Table A: Condensed Statement of Net Position

	June 30, 2026	June 30, 2025 (as restated)	Change
Assets:			
Current and other assets	$ 27,990,043	$ 25,839,566	$ 2,150,477
Capital assets, net	17,743,525	19,751,480	(2,007,955)
Total assets	$ 45,733,568	$ 45,591,046	$ 142,522
Deferred outflows of resources	$ 484,363	$ 433,075	$ 51,288
Liabilities:			
Current liabilities	$ 936,961	$ 929,156	$ 7,805
Noncurrent liabilities	12,379,106	12,276,448	102,658
Total liabilities	$ 13,316,067	$ 13,205,604	$ 110,463
Deferred inflows of resources	$ 212,911	$ 139,433	$ 73,478
Net position:			
Net investment in capital assets	$ 16,757,344	$ 18,177,192	$ (1,419,848)
Restricted	4,299,055	4,492,737	(193,682)
Unrestricted	11,632,554	10,009,155	1,623,399
Total net position	**$ 32,688,953**	**$ 32,679,084**	**$ 9,869**

Table B: Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2026	2025	Change
Operating revenues:			
Landfill charges, net of user rebates	$ 6,592,259	$ 6,363,444	$ 228,815
Gas-to-energy	75,084	56,416	18,668
Miscellaneous	195,232	431,318	(236,086)
Total operating revenues	$ 6,862,575	$ 6,851,178	$ 11,397
Operating expenses:			
Operations	$ 4,722,280	$ 5,424,524	$ (702,244)
Landfill closure and postclosure	711,370	477,444	233,926
Depreciation/amortization	2,184,023	2,544,051	(360,028)
Total operating expenses	$ 7,617,673	$ 8,446,019	$ (828,346)
Operating income (loss)	$ (755,098)	$ (1,594,841)	$ 839,743
Other nonoperating revenues (expenses):			
Interest and dividend income	$ 815,064	$ 1,122,636	$ (307,572)
Interest expense	(50,097)	(58,535)	8,438
Total other nonoperating revenues (expenses)	$ 764,967	$ 1,064,101	$ (299,134)
Increase (decrease) in net position	$ 9,869	$ (530,740)	$ 540,609
Net position, beginning of year	32,679,084	33,209,824	(530,740)
Net position, end of year	**$ 32,688,953**	**$ 32,679,084**	**$ 9,869**

DETAILED ANALYSES

Financial Position

Total net position was essentially unchanged, but its composition shifted during the year (Chart 1):

- **Net investment in capital assets** decreased $1,419,848. Depreciation and amortization of $2,184,023 exceeded capital additions of $176,068, which reduced net capital assets by $2,007,955. Scheduled principal payments of $588,107 on financed purchases and leases reduced the related debt and partially offset that decline.
- **Restricted net position** decreased $193,682 to $4,299,055, of which $4,291,474 is restricted for landfill closure and postclosure care. The letter of credit that provides the Authority's closure and postclosure financial assurance requires investments to be held as collateral at no less than 100% of the available credit (Note 2). These investments, net of the related liability, are reported as restricted net position. Net position restricted for closure and postclosure care decreased $188,262 because the closure and postclosure liability grew $695,487 while the collateral investments grew $507,225.
- **Unrestricted net position** increased $1,623,399 to $11,632,554. Unrestricted cash and investments increased $1,382,596 and receivables increased $266,076, as operating cash flows and investment earnings exceeded capital purchases and debt and lease payments.
- **Restatement.** Investments held as collateral under the letter of credit were previously reported as current, unrestricted assets. During fiscal year 2026, the Authority determined that the letter of credit restricts these investments, and restated June 30, 2025 balances to report them as restricted assets, classified as current or noncurrent consistent with the related liability. As a result, $4,479,736 of June 30, 2025 net position was reclassified from unrestricted to restricted, and $14,593,251 of June 30, 2025 assets was reclassified from current to noncurrent. Total net position was unchanged (Note 15).

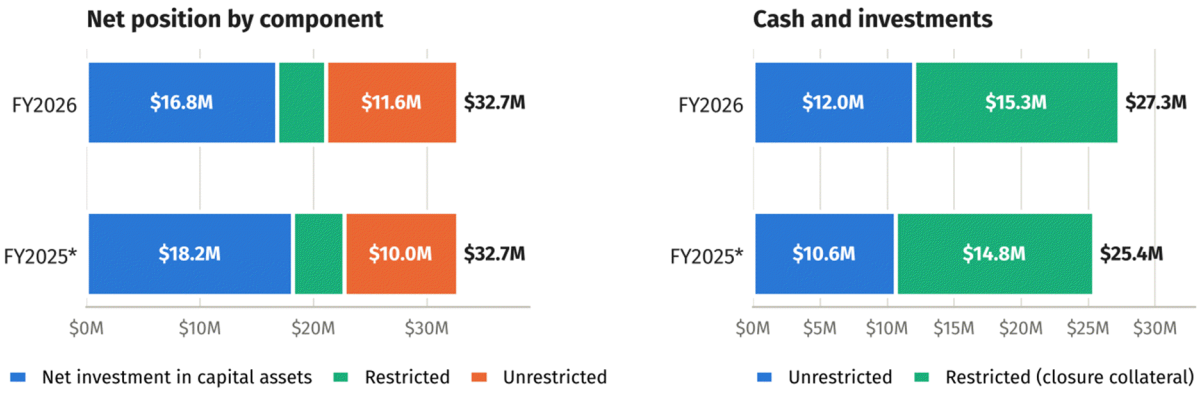


*Chart 1: Net position by component and cash and investments at June 30 (*fiscal year 2025 as restated)*

Cash and investments. Total cash and investments increased from $1,889,821 to $27,278,548. Cash decreased $8,425,918 to $1,716,386 while investments increased, because the Authority used $9,649,537 of cash to purchase government agency bonds and U.S. Treasuries. The change in investment strategy was implemented to secure a longer-term yield. Restricted investments held as collateral for closure and postclosure care increased $507,225 to $15,306,874, which exceeds the minimum collateral requirement by $708,215. A deposit amount of $213,302.21 was made into the reserve. Of the restricted investments, $220,308 is reported as current, equal to the current portion of the closure and postclosure liability, and $15,086,566 as noncurrent.

DETAILED ANALYSES (Continued)

Receivables and liabilities. Accounts receivable increased $266,076, mainly trade receivables from nonmember customers, which rose $207,168 to $344,624. Accounts receivable increased primarily due to the addition of the Joint Wythe-Bland PSA as a customer as well as increase of construction debris from CFS/Meridian. Total liabilities increased $110,463 because the landfill closure and postclosure liability grew $695,487, which outweighed $588,107 of debt and lease repayments and a $61,030 decrease in compensated absences. These obligations are discussed under Significant Capital Asset and Long-Term Financing Activity below. Changes in deferred outflows and inflows of resources reflect the VRS actuarial measurements of the pension and OPEB plans.

The landfill closure and postclosure liability increased $695,487 to $11,015,400: $711,370 of expense recognized as capacity was used, less $15,883 of costs paid. The Authority meets federal and state financial assurance requirements through a $14,598,659 irrevocable letter of credit to the Virginia Department of Environmental Quality, collateralized by the $15,306,874 of investments held with the trustee. The net pension liability was essentially unchanged at $789,127. The plan's fiduciary net position was 87.36% of the total pension liability at the June 30, 2025 measurement date, compared with 86.04% a year earlier. Additional information is presented in Notes 3 (long-term obligations), 4 (leases), 5 (capital assets), and 6 (landfill closure and postclosure liability).

Results of Operations

Operating revenues increased $11,397 (0.2%) to $6,862,575 (Chart 2).

- Landfill charges increased $228,815 (3.6%) to $6,592,259. Charges to member jurisdictions were essentially unchanged at $3,403,113 (an increase of $10,409), while charges to nonmember customers increased $218,406 (7.4%) to $3,189,146. The non-member increase is due to a full year of the Joint Wythe-Bland PSA hauling to NRRA as well as increased construction debris hauled by CFS/Meridian Waste. There were 233,710 tons of waste managed in fiscal year 2026. With 231,503 tons being disposed in fiscal year 2026. The following tip fees were changed: Clean Wood (Brush) from $25.00 p/ton to $30.00 p/ton, Tires increased from $0.12 p/pound to $0.17 p/pound, POTW Sludge increased from $24.00 p/ton to $26.00 p/ton, Non-Friable Asbestos increased from $54.00 p/ton, to $56.00 p/ton, Recycling increased from $60.00 p/ton to $74.00 p/ton.
- Miscellaneous revenue decreased $236,086 (54.7%) to $195,232. The decrease in miscellaneous revenue is due to less Carbon Credits being verified and sold as compared to fiscal year 2025. Gas-to-energy revenue increased $18,668 to $75,084. The increase in gas-to-energy revenue increased due to the increase to the NYMEX Natural Gas prices increasing.

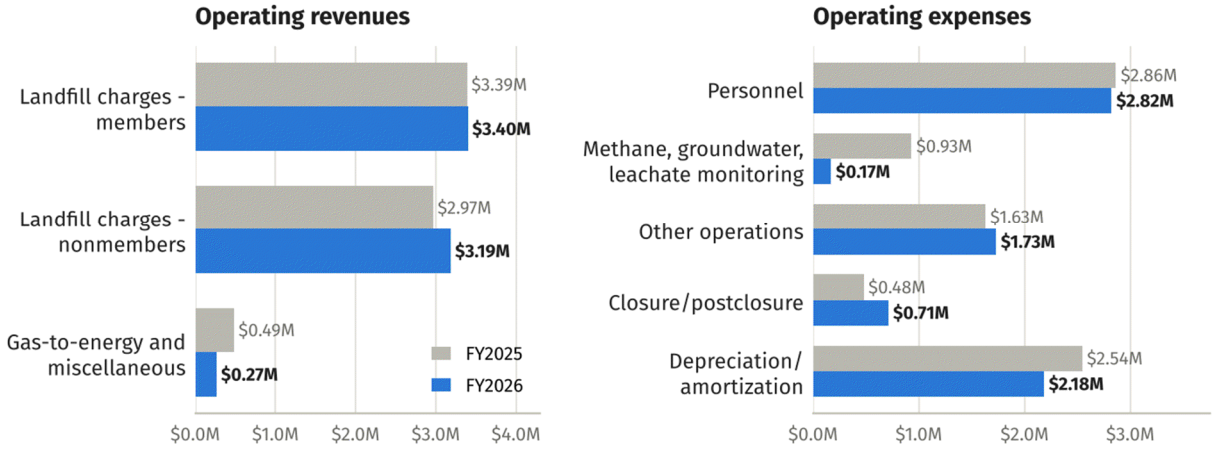


Chart 2: Operating revenues and operating expenses, fiscal years 2026 and 2025

DETAILED ANALYSES (Continued)

Operating expenses decreased $828,346 (9.8%) to $7,617,673:

- Methane, groundwater, and leachate monitoring decreased $760,729 (81.8%) to $169,596. Fiscal year 2025 included significant gas well monitoring expenses that did not recur at the same level in fiscal year 2026. In 2025, NRRA expanded the site's landfill gas extraction well field. This was the single largest contributing factor to the improvement in operating expenses results, playing a significant role in the positive overall performance during the period. This was the largest single reason for the improvement in operating results.
- Depreciation and amortization decreased $360,028 (14.2%). Nearly all of the decrease ($357,243) is in landfill and support facilities, whose depreciation fell from $1,852,718 to $1,495,475. As the waste disposal uses capacity the landfill cells depreciate in value as they are utilized over time.
- Landfill closure and postclosure expense increased $233,926 (49.0%) to $711,370. The expense is recognized as landfill capacity is used. Capacity used in the open cells at Cloyd's Mountain increased from 66.49% to 72.49%, so more of the estimated closure and postclosure cost was charged to the year. The change in cost estimate is due to the inflationary factor for post-closure care.
- Personnel costs decreased $41,981 (1.5%). Salaries and wages decreased $131,908, while employee benefits and payroll taxes increased $83,567. The decrease in personnel costs is attributable to employee attrition during fiscal year 2026.
- Other operating costs increased $100,466 (6.2%). Fuels (up $84,335), leachate treatment (up $74,281), seeding and erosion control (up $50,089), and professional services (up $38,432) increased, partially offset by lower clay and gravel (down $57,865) and tools and supplies (down $44,090). The increase in fuel costs is attributable to higher fuel prices over the past year. Leachate treatment costs increased primarily due to the increased volume of leachate because of rainfall particularly during the first three seasons of the fiscal year.

Other nonoperating revenues (expenses) decreased $299,134 to $764,967. Interest and dividend income decreased $307,572 to $815,064. Of the fiscal year 2026 amount, $666,202 is an increase in the fair value of investments. This gain is unrealized and is not cash; interest received in cash was $148,862, compared with $455,328 in fiscal year 2025. The decrease in interest income is primarily attributable to the transfer of Reserve Funds with lower rates into investments accounts, which resulted in a reduction in the interest earned on those funds for fiscal year 2026. Interest expense decreased $8,438 to $50,097 because the balances owed on financed purchases and leases are lower.

Cash flows. Net cash provided by operating activities increased $270,138 to $1,889,401. Payments to suppliers decreased $775,328, mainly because of the lower monitoring costs. Partially offsetting this, cash received from customers decreased $329,550 as receivables grew, and payments to employees increased $175,640.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

Table C: Capital Assets, Net of Accumulated Depreciation/Amortization

	June 30, 2026	June 30, 2025	Change
Land	$ 1,087,106	$ 1,087,106	$ -
Landfill and support facilities	13,090,650	14,455,165	(1,364,515)
Equipment and vehicles	2,603,983	3,084,547	(480,564)
Right-to-use lease equipment	961,786	1,124,662	(162,876)
Total capital assets, net	**$ 17,743,525**	**$ 19,751,480**	**$ (2,007,955)**

Capital additions totaled $176,068 in fiscal year 2026, compared with $551,644 in fiscal year 2025. Additions consisted of asphalt projects of $130,960 for landfill and support facilities and $45,108 of equipment primarily a new John Deere Gator. A fully depreciated vehicle with an original cost of $29,900 was retired. Net capital assets decreased $2,007,955 because depreciation and amortization exceeded additions. With the adoption of GASB Statement No. 104, *Disclosure of Certain Capital Assets*, right-to-use lease equipment (a dump truck and a landfill compactor) is disclosed separately in Note 5.

Long-Term Financings

Table D: Long-Term Financings

	June 30, 2026	June 30, 2025	Change
Financed purchases (direct borrowings)	$ 802,261	$ 1,153,947	$ (351,686)
Lease liabilities	183,920	420,341	(236,421)
Total long-term financings	**$ 986,181**	**$ 1,574,288**	**$ (588,107)**

Total long-term financings decreased $588,107 to $986,181:

- The Authority did not issue new debt or enter into new leases. Financed purchases for the CAT D8 tractor and CAT 336 excavator decreased $351,686 to $802,261 and will be fully repaid in fiscal year 2029. Lease liabilities decreased $236,421 to $183,920 and will be fully repaid in fiscal year 2028.

Additional information is presented in Notes 3 (long-term obligations), 4 (leases), and 5 (capital assets).

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Management is aware of the following facts, decisions, and conditions as of October 23, 2026, the date of these financial statements. Each is expected to have a significant effect on the Authority's financial position or results of operations:

- **Landfill capacity and closure.** Open cells at the Cloyd's Mountain Regional Landfill have approximately four years of remaining life. Landfill construction of a new cell is tentatively scheduled to begin within six years. The completion of the project should be within eight years. NRRA anticipates costs to be estimated around $20 million. The forecasted cost is due to unforeseen socioeconomic conditions in the next six to eight years. NRRA does anticipate debt to complete project. As the remaining capacity is used, the $3,958,921 of estimated closure and postclosure cost not yet recognized for the open cells will be charged to expense. 10 acres of closure is still anticipated within the next five years.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (Continued)

- **Debt service.** Scheduled principal and interest payments on financed purchases and leases total $550,556 in fiscal year 2027. These payments decline as the leases are repaid in fiscal year 2028 and the financed purchases in fiscal year 2029, which will make that cash available for other purposes.
- **Mitigation site.** The West Fork Big Indian Creek mitigation site requires annual monitoring through 2028, after which it moves to long-term stewardship. Its estimated cost of $314,233 is fully recognized in the closure and postclosure liability.
- **Fiscal year 2027 budget.** FY 2027 Budget contains no rate changes for members or non-members. The budget does include estimates tonnage of Joint Wythe-Bland PSA. Expenses are expected to increase due to the increase price of fuels, purchase of a new dozer for landfill operations, and an upgrade to the leachate collection system, including a leachate holding pond.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, ratepayers, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the resources it receives. Questions concerning this report or requests for additional information should be directed to the Executive Director, P.O. Box 1246, Dublin, Virginia 24084, telephone (540) 674-1677.

Basic Financial Statements

NEW RIVER RESOURCE AUTHORITY
STATEMENT OF NET POSITION
AT JUNE 30, 2026

ASSETS		
Current Assets:		
Cash and cash equivalents	$	1,716,386
Investments		10,255,288
Restricted investments - closure/postclosure care - current portion		220,308
Accounts receivable - members		359,290
Accounts receivable - trade, net of allowance		344,624
Total current assets	$	12,895,896
Noncurrent Assets:		
Net OPEB asset	$	7,581
Restricted investments - closure/postclosure care - long-term portion		15,086,566
Capital assets (net of accumulated depreciation):		
Land		1,087,106
Landfill and support facilities		13,090,650
Equipment and vehicles		2,603,983
Right-to-use lease equipment		961,786
Total capital assets (net of accumulated depreciation/amortization)	$	17,743,525
Total noncurrent assets	$	32,837,672
Total assets	$	45,733,568
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$	454,113
OPEB related items		30,250
Total deferred outflows of resources	$	484,363
LIABILITIES		
Current Liabilities:		
Accounts payable - operations	$	71,245
Interest payable		11,819
Payroll liabilities		85,415
Lease liabilities - current portion		151,547
Landfill closure/postclosure liability - current portion		220,308
Compensated absences - current portion		29,819
Financed purchases - current portion		366,808
Total current liabilities	$	936,961
Noncurrent Liabilities:		
Lease liabilities - long-term portion	$	32,373
Financed purchases - long-term portion		435,453
Net OPEB liability		58,693
Net pension liability		789,127
Compensated absences - long-term portion		268,368
Landfill closure/postclosure liability - long-term portion		10,795,092
Total noncurrent liabilities	$	12,379,106
Total liabilities	$	13,316,067
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$	194,132
OPEB related items		18,779
Total deferred inflows of resources	$	212,911
NET POSITION		
Net investment in capital assets	$	16,757,344
Restricted for future OPEB costs		7,581
Restricted for landfill closure/postclosure		4,291,474
Unrestricted		11,632,554
Total net position	$	32,688,953

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT 2

NEW RIVER RESOURCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2026

OPERATING REVENUES		
Landfill charges, net of user rebates	$	6,592,259
Gas-to-energy		75,084
Miscellaneous		195,232
Total operating revenues	$	6,862,575
OPERATING EXPENSES		
Members' compensation	$	43,616
Salaries and wages		1,732,997
Employee benefits and payroll taxes		1,045,625
Professional services		329,543
Office expenses, postage, and advertising		82,712
Insurance		22,955
Dues, licenses, and subscriptions		23,516
Telephone and communications		22,918
Travel		8,988
Training and education		13,639
Uniforms and special clothing		9,717
Utilities		86,114
Clay and gravel		76,679
Fuels		335,646
Leachate treatment		179,103
Seeding and erosion		64,602
Tools and supplies		80,158
Equipment rental		1,538
Repairs and maintenance		385,353
Miscellaneous		7,265
Methane, ground water, and leachate monitoring		169,596
Landfill closure and postclosure expense		711,370
Depreciation/amortization		2,184,023
Total operating expenses	$	7,617,673
Operating income (loss)	$	(755,098)
Other nonoperating revenues (expenses):		
Interest and dividend income	$	815,064
Interest expense		(50,097)
Total other nonoperating revenues (expenses)	$	764,967
Increase (decrease) in net position	$	9,869
Net Position at beginning of year		32,679,084
Net Position at end of year	$	32,688,953

The accompanying notes to the financial statements are an integral part of this statement.

NEW RIVER RESOURCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

Cash flows from operating activities:		
Cash received from customers	$	6,596,499
Cash payments to suppliers for goods and services		(1,859,705)
Cash payments to employees		(2,847,393)
Net cash provided by (used for) operating activities	$	1,889,401
Cash flows from capital and related financing activities:		
Interest payments	$	(50,469)
Principal payments on financed purchases		(351,686)
Lease payments		(236,421)
Purchase of capital assets		(176,068)
Net cash provided by (used for) capital and related financing activities	$	(814,644)
Cash flows from investing activities:		
Interest received	$	148,862
Purchase of investments		(9,649,537)
Net cash provided by (used for) investing activities	$	(9,500,675)
Net increase (decrease) in cash and cash equivalents	$	(8,425,918)
Cash and cash equivalents at beginning of year		10,142,304
Cash and cash equivalents at end of year	$	1,716,386
Reconciliation of net operating income (loss) to net cash provided by (used for) operating activities:		
Net operating income (loss)	$	(755,098)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation/amortization expense	$	2,184,023
Decrease (increase) in accounts receivable		(266,076)
Decrease (increase) in net OPEB asset		5,420
Decrease (increase) in deferred outflows of resources		(51,288)
Increase (decrease) in accounts payable		56,220
Increase (decrease) in payroll liabilities		13,898
Increase (decrease) in compensated absences		(61,030)
Increase (decrease) in net OPEB liability		(9,155)
Increase (decrease) in net pension liability		3,522
Increase (decrease) in landfill closure/postclosure liability		695,487
Increase (decrease) in deferred inflows of resources		73,478
Total adjustments	$	2,644,499
Net cash provided by (used for) operating activities	$	1,889,401
Schedule of non-cash investing, capital, and financing activities:		
Increase (decrease) in fair value of investments	$	666,202

The accompanying notes to the financial statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies:

The financial statements of the New River Resource Authority conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

A. Financial Reporting Entity

New River Resource Authority ("the Authority") is a public body, politic, and corporate established on January 15, 1987, by Articles of Incorporation executed by the Board of Supervisors for the County of Pulaski and the Councils of the City of Radford and the Town of Dublin pursuant to the Virginia Water and Sewer Authorities Act. The Authority was created to acquire, finance, construct, operate, and maintain facilities for the development and operation of a landfill. Montgomery Regional Solid Waste Authority and the County of Giles entered into agreement with the Authority and became members of the Authority in July 1997 and 1998, respectively. In July 2005, the Board of the Authority entered into an agreement with the County of Floyd approving the jurisdiction as a customer of the Authority. The majority of the Authority's revenues are derived from the operation of the landfill and limited to the New River Valley and surrounding areas.

B. Financial Statement Presentation

The financial statements have been prepared in accordance with current standards.

The Authority follows the business-type activities requirements of current standards, which provides that the following sections be included in the annual financial report:

1. Management discussion and analysis
2. Basic financial statements including a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows
3. Notes to the financial statements
4. Required supplementary information (RSI)

The Authority does not have any component units, nor is it considered a component unit of any of the participating jurisdictions.

C. Basis of Accounting

For financial reporting purposes, the Authority is considered a special-purpose government, engaged only in business-type activities. Accordingly, the Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

D. Revenue and Expense Classifications

The Authority distinguishes operating revenues and expenses, noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are (1) subsidies received and provided; (2) contributions to permanent and term endowments; (3) revenues and expenses related to financing; (4) resources from the disposal of capital assets and inventory; and (5) investment income and expenses.

Note 1 – Summary of Significant Accounting Policies: (Continued)

D. Revenue and Expense Classifications (Continued)

A subsidy is (1) resources received from another party or fund for which the Authority does not provide goods or services to that party and that directly or indirectly keep the Authority's current or future fees and charges lower than they would be otherwise; (2) resources provided to another party for which the other party does not provide goods or services to the Authority and that are recoverable through the Authority's current or future pricing policies; and (3) all other transfers. Subsidies are reported as noncapital subsidies unless they are capital subsidies — subsidies restricted by the resource provider, law, or regulation to financing the acquisition, construction, or improvement of capital assets (or to the related debt service) — which are reported within other nonoperating revenues and expenses.

All revenues and expenses not meeting the definition of nonoperating revenues and expenses are reported as operating revenues and expenses. Revenues and expenses that would otherwise be classified as nonoperating are reported as operating if they constitute the Authority's principal ongoing operations.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

F. Net Position

The Statement of Net Position reports the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources as net position.

The Authority's net position is classified as follows:

Net Investment in Capital Assets – This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted– This category consists of restricted assets reduced by certain liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted – Unrestricted net position represents the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories.

G. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 – Summary of Significant Accounting Policies: (Continued)

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI and HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment and infrastructure assets (support facilities, leachate facilities and similar items), and are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Land, development in progress, and construction in progress are not depreciated. The other tangible and intangible property, equipment, lease assets, and facilities are depreciated/amortized using the straight-line method over the following estimated useful lives (or life of the associated contract for lease assets):

Asset	Years
Equipment	2-10
Vehicles	5-12
Support facilities	20
Leachate facilities	30
Buildings	40
Landfill assets	15-40
Landfill cell development	Over expected life of the cell
Lease equipment	10-15

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these amounts.

Note 1 – Summary of Significant Accounting Policies: (Continued)

L. Compensated Absences

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences. The liability for compensated absences reported in the financial statements consists of earned but unpaid accumulated leave balances. The liability is based on the leave accumulated as of June 30. It is the Authority's policy to permit employees to accumulate limited leave that may be earned until retirement or termination. Employees are paid for accumulated unused compensated absence balances upon the termination of their employment up to the amount of maximum carryover for the employees' years of service. Accumulated annual and sick leave that is more likely than not to be used is reported as an expense and a liability of the Authority.

The Authority provides employees with sick leave, annual leave, and compensation time. These leave benefits are awarded annually based on tenure and allow for various carryover amounts also based on employee tenure. Upon termination, employees will be paid for all their annual leave and compensation time, as well as fifty percent of the sick leave balance up to a maximum of $10,000. The Authority's compensated absence liability is based on these payouts as well as expected leave usage based on historical data.

M. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash on hand and demand deposits to be cash and cash equivalents. Investments, including money market mutual funds and investments held with the trustee as collateral for landfill closure and postclosure care, are not treated as cash equivalents, and their purchases, sales, and maturities are reported as investing activities.

N. Investments

Investments are reported at fair value, except for nonparticipating interest-earning investment contracts, such as nonnegotiable certificates of deposit, which are reported at cost. Investments in money market mutual funds are reported at fair value based on the net asset value per share. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Changes in the fair value of investments are reported as investment income.

O. Accounts Receivable

Primary customers of the Authority consist of the City of Radford, Town of Dublin, Pulaski Public Service Authority, County of Floyd, Giles Public Service Authority, and Montgomery Regional Solid Waste Authority. Accounts receivable is shown net of an allowance for doubtful accounts. The Authority calculates its allowance for uncollectible accounts using historical collection data and specific account analysis. For the year ended June 30, 2026, the allowance was $0.

P. Accrued Landfill Closure

Accrued landfill closure represents the estimated liability for closure and postclosure costs for the landfill sites. This includes the cost of any equipment and facilities to be installed near or after the date of landfill closure for purposes of closure, the cost of landfill capping, and the cost of monitoring and maintaining the sites during the postclosure period. A total estimate of these expenses is made and updated on a periodic basis and expenses are charged to current period usage of the landfill site. Current cost of landfill closure and postclosure care is an estimate and subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Note 1 – Summary of Significant Accounting Policies: (Continued)

Q. Leases

The Authority leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee:
The Authority's policy is to recognize lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $5,000, individually or in the aggregate in the financial statements. At the commencement of the lease, the lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key Estimates and Judgments:
Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate stated in lease contracts as the discount rate. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed reasonably certain to be exercised, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability.

The Authority monitors changes in circumstances that would require a remeasurement of its leases. The Authority will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Note 2 – Deposits and Investments:

Deposits
Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and saving institutions holding public deposits in excess of the amount insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments
Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments at June 30, 2026 were held in the Authority's name by the Authority's custodial bank.

Note 2 – Deposits and Investments: (Continued)

Investments (Continued)

Credit Risk of Debt Securities: The Authority's rated debt investments as of June 30, 2026 were rated by Moody's and/or an equivalent national rating organization and the ratings are presented below using the Moody's rating scale.

Authority's Rated Debt Investments' Values

	Credit Quality Ratings		
Rated Debt Investments	**Aa1**	**AAAmf**	**Total**
Government Agency Bonds	$ 17,724,625	$ -	$ 17,724,625
Money Market Funds	-	6,575,272	6,575,272
Total rated debt investments	$ 17,724,625	$ 6,575,272	$ 24,299,897

U.S. Treasury securities of $1,262,265 are explicitly guaranteed by the U.S. government and are excluded from the credit quality disclosure above.

Concentration of Credit Risk: At June 30, 2026, more than 5 percent of the Authority's investments were held in the following issuers: Federal Farm Credit Banks, $10,517,510 (41.14%), and Federal Home Loan Bank, $7,207,115 (28.19%). The Authority has no formal policy regarding concentration risk.

Interest Rate Risk: Listed below are the Authority's investments subject to investment rate risk and their corresponding maturity dates.

	Investment Maturities (in years)		
Investment Type	**Less 1 yr**	**1-5 yrs**	**Total**
Government Agency Bonds	$ 4,417,983	$ 13,306,642	$ 17,724,625
Money Market Funds	6,575,272	-	6,575,272
U.S. Treasuries	-	1,262,265	1,262,265
Total	$ 10,993,255	$ 14,568,907	$ 25,562,162

Fair Value Measurements: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date

Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices

Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

Note 2 – Deposits and Investments: (Continued)

Investments (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2026:

		Fair Value Measurement Using		
Investment	6/30/2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Agency Bonds	$ 17,724,625	$ -	$ 17,724,625	$ -
Money Market Funds	6,575,272	6,575,272	-	-
U.S. Treasuries	1,262,265	1,262,265	-	-
Total	$ 25,562,162	$ 7,837,537	$ 17,724,625	$ -

Restrictions on Cash, Cash Equivalents, and Investments:

The Authority holds a Letter of Credit with National Bank as a standby trust to meet the financial assurance requirements for estimated future closure and postclosure care costs of each of the Authority's landfill sites. The letter of credit requires the Authority to maintain investments as collateral with a balance of at least 100% of the available letter of credit. These investments are reported as restricted assets in the statement of net position and are classified as current or noncurrent consistent with the related closure and postclosure care liability. At June 30, 2026, the letter of credit was $14,598,659, the total estimated closure and postclosure care liability was $11,015,400, and investments held as collateral totaled $15,306,874 ($220,308 current and $15,086,566 noncurrent), which exceeds the minimum requirement by $708,215. Net position restricted for landfill closure and postclosure care of $4,291,474 represents the restricted investments less the related liability. See Note 6 for further details of the closure and postclosure care liability and Note 15 for the restatement of beginning balances.

Note 3 - Long-Term Obligations:

The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2026:

	Balance July 1, 2025	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2026
Lease liabilities	$ 420,341	$ -	$ (236,421)	$ 183,920
Financed purchase	1,153,947	-	(351,686)	802,261
Compensated absences*	359,217	-	(61,030)	298,187
Landfill closure and postclosure	10,319,913	711,370	(15,883)	11,015,400
Net pension liability	785,605	754,898	(751,376)	789,127
Net OPEB liability	67,848	26,340	(35,495)	58,693
Total	$ 13,106,871	$ 1,492,608	$ (1,451,891)	$ 13,147,588

*The change in compensated absences liability is presented as a net change.

Note 3 – Long-Term Obligations: (continued)

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Direct borrowings and placements:		
Financed Purchases:		
Purchased a CAT D8 tractor for $1,305,000 issued May 5, 2023 bearing interest at 2.15%. Principal and interest payments of $144,550 are due semi-annually through May 2028.	$ 549,875	$ 269,386
Purchased a CAT 336 excavator for $478,478 issued October 27, 2023 bearing interest at 4.69%. Principal and interest payments of $54,122.10 are due semi-annually through October 2028.	252,386	97,422
Subtotal financed purchases	$ 802,261	$ 366,808
Other Obligations:		
Compensated absences	$ 298,187	$ 29,819
Landfill closure and postclosure	11,015,400	220,308
Lease liabilities	183,920	151,547
Net pension liability	789,127	-
Net OPEB liability	58,693	-
Total Other Obligations	$ 12,345,327	$ 401,674
Total Long-term Obligations	$ 13,147,588	$ 768,482

The future principal and interest payments of financed purchases as of June 30, 2026, were as follows:

Year Ending June 30	Financed Purchases Principal	Interest
2027	$ 366,808	$ 30,537
2028	382,584	14,791
2029	52,869	1,253
Total	$ 802,261	$ 46,581

Financed Purchases – Direct Borrowings: The Authority's outstanding financed purchases, consisting of the CAT D8 tractor and the CAT 336 excavator, are direct borrowings. Each agreement is secured by the equipment it financed, which had a combined net carrying value of $1,285,391 at June 30, 2026. In the event of default, including failure to make a scheduled payment when due, the lender may declare the unpaid principal and accrued interest immediately due and payable and/or repossess the related equipment. The agreements contain no termination events with finance-related consequences or subjective acceleration clauses. The Authority had no unused lines of credit at June 30, 2026.

Note 4 – Lease Liabilities:

The Authority entered into a 7-year lease agreement as lessee for the acquisition and use of a dump truck. A lease liability was recorded in the amount of $404,386 in a transition from being reported as a capital lease prior to implementation of the new lease standard. As of June 30, 2026, the value of the lease liability was $96,480. The Authority is required to make semi-annual principal and interest payments of $32,596, with an interest rate of 1.35%. In addition, the Authority will purchase the equipment for $1 at the end of the lease term. The equipment has a 10-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was $401,750 with accumulated amortization of $207,297.

In 2022, the Authority entered into a 5-year lease agreement as lessee for the acquisition and use of a landfill compactor. An initial lease liability was recorded in the amount of $849,067. As of June 30, 2026, the value of the lease liability was $87,440. The Authority is required to make semi-annual principal and interest payments of $88,019, with an interest rate of 1.32%. In addition, the Authority will purchase the equipment for $1 at the end of the lease term. The equipment has a 10-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was $1,227,013 with accumulated amortization of $459,680.

The future principal and interest lease payments as of June 30, 2026, were as follows:

Year Ending	Lease Liabilities	
June 30	Principal	Interest
2027	$ 151,547	$ 1,664
2028	32,373	223
Total	$ 183,920	$ 1,887

Note 5 – Capital Assets:

A summary of changes in capital assets for the year follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,087,106	$ -	$ -	$ 1,087,106
Total capital assets, not being depreciated	$ 1,087,106	$ -	$ -	$ 1,087,106
Capital assets, being depreciated:				
Landfill and support facilities	$ 46,471,757	$ 130,960	$ -	$ 46,602,717
Equipment	7,938,979	45,108		7,984,087
Vehicles	588,264	-	(29,900)	558,364
Right-to-use lease equipment	1,628,763	-	-	1,628,763
Total capital assets, being depreciated	$ 56,627,763	$ 176,068	$ (29,900)	$ 56,773,931
Accumulated depreciation:				
Landfill and support facilities	$ (32,016,592)	$ (1,495,475)	$ -	$ (33,512,067)
Equipment	(5,190,285)	(489,935)		(5,680,220)
Vehicles	(252,411)	(35,737)	29,900	(258,248)
Right-to-use lease equipment	(504,101)	(162,876)	-	(666,977)
Total accumulated depreciation	$ (37,963,389)	$ (2,184,023)	$ 29,900	$ (40,117,512)
Capital assets, net	$ 19,751,480	$ (2,007,955)	$ -	$ 17,743,525

Note 6 – Landfill Closure/Postclosure Liability:

The Authority currently has responsibility for closure and postclosure care related to three landfill sites and one mitigation site.

The landfills include two old landfill sites, Ingles Mountain Debris Landfill and Ingles Mountain Sanitary Landfill, which closed in 2002 and 1999, respectively. The new landfill, Cloyd's Mountain Regional Landfill, was placed in service during 1997. Open cells at the new landfill have a remaining life of approximately 4 years. State and Federal laws and regulations require that the Authority place a final cover on its landfills when closed and perform certain maintenance and monitoring functions for a minimum of thirty years after closure and ten years after closure of the debris landfill.

The stream and wetland mitigation site on the West Fork Big Indian Creek in Floyd County was constructed to offset after-the-fact impacts that occurred at the Authority's waste management facility located in Pulaski County. Permitting requirements for the site included: surface water delineations, habitat assessments, USM assessments, mitigation design and plan development, and planting plans. The site provides over 8,000 stream credits from stream restoration, enhancement, and preservation, as well as over an acre of wetland credits from wetland creation. The site will require annual monitoring through 2028, at which time it will transfer to long term stewardship status and will require an annual inspection to ensure that the conditions or the long-term maintenance plan are met.

Closure costs will be paid as closure occurs and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste. The Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity of the existing cells used to date (72.49%) of the constructed cells at June 30, 2026 for the Cloyd's Mountain Regional landfill and includes anticipated effects of changes in regulations and cost estimates.

The total liability recorded at June 30, 2026, is $11,015,400 and includes $9,854 designated for the old Ingles Mountain Debris Landfill site (now closed); $260,758 designated for the old Ingles Mountain Sanitary Landfill site (now closed); $10,430,555 designated for the new Cloyd's Mountain landfill; and $314,233 for the West Fork Mitigation bank. Total closure and postclosure costs for all opened landfill cells at Cloyd's Mountain Regional Landfill is estimated at $14,389,476 of which 72.49% has been recognized as noted above based on usage. As such, $3,958,921 or 27.51% of the total estimated liability will be recognized in future periods as the usage percentage increases at the Cloyd's Mountain Regional Landfill. The old landfill sites and mitigation site estimates are recorded at 100% of their total liability estimates. The Board of Directors previously funded these liabilities through a restricted investment trust fund as disclosed in Note 2.

The Authority will periodically update these closure and postclosure cost estimates and, as necessary, make revisions to reflect any significant changes in estimates due to inflation or deflation, technology, or changes in applicable laws and regulations.

Closure and postclosure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria", and are subject to periodic revisions by the EPA.

Federal and state regulations require owners of municipal solid waste landfills to demonstrate financial responsibility for closure care, postclosure care and corrective costs arising from the operations of such facilities. The Authority has demonstrated financial assurance requirements for closure and postclosure care through an irrevocable letter of credit to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 7 - Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Note 7 - Pension Plan: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	3
Non-vested inactive members	6
Long-term disability (LTD)	1
Total inactive members	10
Active members	22
Total covered employees	40

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required employer contribution rate for the year ended June 30, 2026 was 7.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $128,056 and $124,972 for the years ended June 30, 2026 and June 30, 2025, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $11,522 for the year ended June 30, 2026. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $13,314 for the year ended June 30, 2026. The total Hybrid plan participant covered payroll totaled $1,152,200 for the year ended June 30, 2026.

Note 7 - Pension Plan: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2024, rolled forward to the measurement date of June 30, 2025.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Non-Metro – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the MP-2021 rates

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Metro – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change

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Note 7 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Asset Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	-3.00%	4.57%	-0.14%
Total	100.00%		7.02%
		Expected arithmetic nominal return**	7.02%

*The above allocation provides a one-year expected return of 7.02% (includes 2.50% of inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2025, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2024 actuarial valuations. From July 1, 2025 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7 - Pension Plan: (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2024	$ 5,627,016	$ 4,841,411	$ 785,605
Changes for the year:			
Service cost	$ 121,427	$ -	$ 121,427
Interest	384,297	-	384,297
Changes in assumptions	(26,733)	-	(26,733)
Differences between expected and actual experience	246,310	-	246,310
Contributions - employer	-	124,972	(124,972)
Contributions - employee	-	77,287	(77,287)
Net investment income	-	522,247	(522,247)
Benefit payments, including refunds of employee contributions	(110,305)	(110,305)	-
Administrative charges	-	(2,864)	2,864
Other changes	-	137	(137)
Net changes	$ 614,996	$ 611,474	$ 3,522
Balances at June 30, 2025	$ 6,242,012	$ 5,452,885	$ 789,127

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's Net Pension Liability (Asset)	$ 1,690,444	$ 789,127	$ 33,043

Note 7 - Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2026, the Authority recognized pension expense of $158,165. At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 326,057	$ -
Change in assumptions	-	19,266
Net difference between projected and actual earnings on pension plan investments	-	174,866
Employer contributions subsequent to the measurement date	128,056	-
Total	$ 454,113	$ 194,132

$128,056 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30	
2027	$ 161,334
2028	37,585
2029	(28,491)
2030	(38,503)
2031	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2025 Annual Comprehensive Financial Report (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 8 – Other Postemployment Benefits (OPEB) Summary:

	Net OPEB Asset	Deferred Outflows of Resources	Deferred Inflows of Resources	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:					
Group Life Insurance (GLI) Plan	$ -	$ 21,744	$ 12,045	$ 58,693	$ 753
Health Insurance Credit (HIC) Plan	7,581	8,506	6,734	-	(1,137)
Totals	$ 7,581	$ 30,250	$ 18,779	$ 58,693	$ (384)

Note 9 – Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was $9,768 as of June 30, 2026.

Note 9 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2026 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were $8,060 and $7,903 for the years ended June 30, 2026 and June 30, 2025, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2026, the entity reported a liability of $58,693 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2025 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2025, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2025, the participating employer's proportion was 0.00610% as compared to 0.00608% at June 30, 2024.

For the year ended June 30, 2026, the participating employer recognized GLI OPEB expense of $753. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2026, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,412	$ 1,105
Net difference between projected and actual earnings on GLI OPEB plan investments	-	8,213
Change in assumptions	-	1,920
Changes in proportionate share	3,272	807
Employer contributions subsequent to the measurement date	8,060	-
Total	$ 21,744	$ 12,045

Note 9 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

$8,060 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30		
2027	$	685
2028		(491)
2029		335
2030		620
2031		490
Thereafter		-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates - Non-Metro Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Improvement Scale projected generationally

Mortality Improvement:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

Note 9 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree Liability Estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2025, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	4,433,282
Plan Fiduciary Net Position		3,471,094
GLI Net OPEB Liability (Asset)	$	962,188
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		78.30%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 9 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	-3.00%	4.57%	-0.14%
Total	100.00%		7.02%
		Expected arithmetic nominal return**	7.02%

*The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2025, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2025 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 9 – Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	$ 99,013	$ 58,693	$ 26,165

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2025 Annual Comprehensive Financial Report (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. For employees who

Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts (Continued)

retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	3
Active members	22
Total covered employees	25

Contributions

The contribution requirements for active employees are governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Authority's contractually required employer contribution rate for the year ended June 30, 2026 was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the HIC Plan were $0 and $0 for the years ended June 30, 2026 and June 30, 2025, respectively.

Net HIC OPEB Liability (Asset)

The Authority's net HIC OPEB liability (asset) was measured as of June 30, 2025. The total HIC OPEB liability (asset) was determined by an actuarial valuation performed as of June 30, 2024, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Actuarial Assumptions

The total HIC OPEB liability (asset) was based on an actuarial valuation as of June 30, 2024, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025.

Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Metro Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit Participation (future service retirees)	Increased participation to 87%
Benefit Participation (future disability)	Increased participation to 54%
Benefit Participation (from terminated vested)	Increased participation to 87%
Benefit Utilization (not receiving the max)	Reduced to 4%
Benefit Utilization (not receiving the max amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of Deferred Vested Members Electing to Withdraw from VRS	Reduced
Terminated Vested Member Commencement Age	Adjusted slightly
Discount Rate	No change

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Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP - Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	-3.00%	4.57%	-0.14%
Total	100.00%		7.02%
		Expected arithmetic nominal return**	7.02%

*The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2025, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2025 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability (asset).

Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2024	$ 25,054	$ 38,055	$ (13,001)
Changes for the year:			
Service cost	$ 474	$ -	$ 474
Interest	1,714	-	1,714
Differences between expected and actual experience	5,706	-	5,706
Assumption changes	1,426	-	1,426
Net investment income	-	3,957	(3,957)
Benefit payments	(279)	(279)	-
Administrative expenses	-	(56)	56
Other changes	-	(1)	1
Net changes	$ 9,041	$ 3,621	$ 5,420
Balances at June 30, 2025	$ 34,095	$ 41,676	$ (7,581)

Sensitivity of the Authority's HIC Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Authority's HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the Authority's net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's Net HIC OPEB Liability (Asset)	$ (3,243)	$ (7,581)	$ (11,218)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2026, the Authority recognized HIC Plan OPEB expense of $(1,137). At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Authority's HIC Plan from the following sources:

Note 10 – Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,737	$ 5,515
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,156
Change in assumptions	3,769	63
Employer contributions subsequent to the measurement date	-	-
Total	$ 8,506	$ 6,734

$0 reported as deferred outflows of resources related to the HIC OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability (Asset) in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30	
2027	$ 314
2028	-
2029	296
2030	316
2031	846
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2025 Annual Comprehensive Financial Report (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11 – Related Party Transactions:

The following table summarizes fees received and accounts receivable from members of the Authority as of and for the year ended June 30, 2026:

Member	Operating Revenues	Accounts Receivable
City of Radford	$ 160,386	$ 13,207
Pulaski County Public Service Authority	753,343	122,617
Town of Dublin	16,251	1,644
Montgomery Regional Solid Waste Authority	2,041,039	182,355
Giles County Public Service Authority	432,094	39,467
Total	$ 3,403,113	$ 359,290

Note 12 - Litigation:

As of June 30, 2026, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

Note 13 - Risk Management:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority participates with other localities in a public entity risk pool for its coverage of general liability, property, equipment, crime and auto insurance with the Virginia Risk Sharing Association (VRSA). Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the pool contributions and assessments into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the loss, deficit or depletion of all available funds, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note 14 – Implementation of Accounting Principles:

During the current year, the Authority implemented GASB Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets,* as well as the *Implementation Guide No. 2026-1, Financial Reporting Model Improvements - Subsidies.*

Statement No. 103 improves certain components of the governmental financial reporting model, including MD&A, unusual or infrequent items, proprietary fund statements, major component unit presentation, budgetary comparison information, and certain statistical section information. The accompanying financial statements, required supplementary information, and related disclosures have been updated, as applicable, to reflect the revised presentation and disclosure requirements. Specifically, MD&A was updated to align with the required sections and to focus the analysis on significant changes and the reasons those changes occurred. The statement of revenues, expenses, and changes in net position has been updated to distinguish operating and nonoperating revenues and expenses and to separately report noncapital subsidies. However, in the current year, the Authority did not have any subsidies.

Statement No. 104 requires separate disclosure of certain capital assets within the capital asset note disclosures, including lease assets by major class of underlying asset, intangible right-to-use assets recognized by an operator in public-private and public-public partnership arrangements by major class of underlying asset, subscription assets, and other intangible assets by major class and also establishes disclosure requirements for capital assets held for sale.

Implementation of Statements No. 103 and No. 104 resulted in changes to financial statement presentation and disclosure only and did not have a material effect on beginning net position, beginning fund balances, changes in net position, or changes in fund balances. Beginning balances were restated for the correction of an error, as described in Note 15.

Note 15 – Restatement of Beginning Balances:

The Authority's letter of credit with National Bank, which provides financial assurance for closure and postclosure care of the Authority's landfill sites, requires that the Authority maintain investments as collateral equal to at least 100% of the available letter of credit. In previously issued financial statements, these investments were reported as current, unrestricted assets, and the related net position was reported as unrestricted. During fiscal year 2026, the Authority determined that the investments are restricted by the terms of the letter of credit and should be reported as restricted assets, classified as current or noncurrent consistent with the related closure and postclosure care liability, with the resulting net position reported as restricted for landfill closure and postclosure care. Beginning balances as of June 30, 2025 have been restated to correct this error.

The correction had no effect on total net position or on the change in net position. The effects on beginning balances are as follows:

	June 30, 2025, As Previously Reported	Error Correction	June 30, 2025, As Restated
Current assets:			
Investments	$ 2,587,426	$ (2,140,652)	$ 446,774
Investments w/ trustee -closure/postclosure care	12,658,997	(12,658,997)	-
Restricted investments - closure/postclosure care - current portion	-	206,398	206,398
All other current assets	10,580,142	-	10,580,142
Total current assets	$ 25,826,565	$ (14,593,251)	$ 11,233,314
Noncurrent assets:			
Restricted investments - closure/postclosure care - long-term portion	$ -	$ 14,593,251	$ 14,593,251
All other noncurrent assets	19,764,481	-	19,764,481
Total noncurrent assets	$ 19,764,481	$ 14,593,251	$ 34,357,732
Total assets	**$ 45,591,046**	**$ -**	**$ 45,591,046**
Net position:			
Net investment in capital assets	$ 18,177,192	$ -	$ 18,177,192
Restricted for future OPEB costs	13,001	-	13,001
Restricted for landfill closure/postclosure	-	4,479,736	4,479,736
Unrestricted	14,488,891	(4,479,736)	10,009,155
Total net position	**$ 32,679,084**	**$ -**	**$ 32,679,084**

Note 16 – Subsequent Events:

The Authority made several capital project or equipment transactions subsequent to year end:

- In August 2026, the Authority purchased a new John Deere Gator at a cost of $31,199.
- In September 2026, the Authority committed to a leachate holding pond project at a cost of $257,000.
- In September 2026, the Authority committed to a wash bay concrete replacement project at a cost of $324,679.
- In October 2026, the Authority started an HVAC repair on the Administration building at a cost of $52,387.

Note 17 – Upcoming Pronouncements:

Statement No. 105, *Subsequent Events*, defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued and requires the date through which subsequent events have been evaluated to be disclosed. It also clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. Management is currently evaluating the impact this standard will have on the financial statements when adopted.

Required Supplementary Information

EXHIBIT 4

NEW RIVER RESOURCE AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - PENSION PLAN
FOR THE MEASUREMENT DATES OF JUNE 30, 2016 THROUGH JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 121,427	$ 114,655	$ 109,338	$ 104,988	$ 101,064	$ 99,893	$ 91,001	$ 94,049	$ 98,852	$ 89,180
Interest	384,297	351,613	310,135	285,842	246,819	222,815	211,355	190,756	187,083	165,841
Differences between expected and actual experience	246,310	127,667	298,842	47,849	72,270	102,230	(58,080)	74,020	(110,287)	91,906
Changes in assumptions	(26,733)	-	-	-	121,988	-	118,402	-	(85,603)	-
Benefit payments	(110,305)	(122,693)	(95,603)	(70,637)	(67,401)	(71,248)	(76,039)	(38,183)	(51,834)	(49,986)
Net change in pension liability	$ 614,996	$ 471,242	$ 622,712	$ 368,042	$ 474,740	$ 353,690	$ 286,639	$ 320,642	$ 38,211	$ 296,941
Total pension liability - beginning	5,627,016	5,155,774	4,533,062	4,165,020	3,690,280	3,336,590	3,049,951	2,729,309	2,691,098	2,394,157
Total pension liability - ending (a)	$ 6,242,012	$ 5,627,016	$ 5,155,774	$ 4,533,062	$ 4,165,020	$ 3,690,280	$ 3,336,590	$ 3,049,951	$ 2,729,309	$ 2,691,098
Plan Fiduciary Net Position										
Contributions - employer	$ 124,972	$ 108,937	$ 95,558	$ 80,091	$ 78,194	$ 67,171	$ 63,799	$ 82,888	$ 82,319	$ 82,209
Contributions - employee	77,287	71,971	62,760	58,936	57,907	57,569	54,090	51,814	51,834	49,304
Net investment income	522,247	428,620	266,155	(7,130)	852,815	57,247	185,594	185,253	263,874	38,061
Benefit payments	(110,305)	(122,693)	(95,603)	(70,637)	(67,401)	(71,248)	(76,039)	(38,183)	(51,834)	(49,986)
Administrator charges	(2,864)	(2,560)	(2,541)	(2,427)	(1,999)	(1,852)	(1,749)	(1,488)	(1,402)	(1,169)
Other	137	100	108	95	82	(69)	(117)	(375)	(470)	(15)
Net change in plan fiduciary net position	$ 611,474	$ 484,375	$ 326,437	$ 58,928	$ 919,598	$ 108,818	$ 225,578	$ 279,909	$ 344,321	$ 118,404
Plan Fiduciary Net Position - beginning	4,841,411	4,357,036	4,030,599	3,971,671	3,052,073	2,943,255	2,717,677	2,437,768	2,093,447	1,975,043
Plan Fiduciary Net Position - ending (b)	$ 5,452,885	$ 4,841,411	$ 4,357,036	$ 4,030,599	$ 3,971,671	$ 3,052,073	$ 2,943,255	$ 2,717,677	$ 2,437,768	$ 2,093,447
Authority's net pension liability - ending (a) - (b)	$ 789,127	$ 785,605	$ 798,738	$ 502,463	$ 193,349	$ 638,207	$ 393,335	$ 332,274	$ 291,541	$ 597,651
Plan fiduciary net position as a percentage of the total pension liability	87.36%	86.04%	84.51%	88.92%	95.36%	82.71%	88.21%	89.11%	89.32%	77.79%
Covered payroll	$ 1,681,483	$ 1,562,485	$ 1,345,926	$ 1,238,889	$ 1,211,856	$ 1,205,173	$ 1,114,119	$ 1,042,658	$ 1,044,064	$ 994,408
Authority's net pension liability as a percentage of covered payroll	46.93%	50.28%	59.34%	40.56%	15.95%	52.96%	35.30%	31.87%	27.92%	60.10%

EXHIBIT 5

NEW RIVER RESOURCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2026

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (1) - (2) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (2)/(4) (5)
2026	$ 128,056	$ 128,056	$ -	$ 1,722,729	7.43%
2025	124,972	124,972	-	1,681,483	7.43%
2024	109,102	109,102	-	1,562,485	6.98%
2023	95,866	95,866	-	1,345,926	7.12%
2022	80,363	80,363	-	1,238,889	6.49%
2021	84,896	84,896	-	1,211,856	7.01%
2020	67,468	67,468	-	1,205,173	5.60%
2019	63,799	63,799	-	1,114,119	5.73%
2018	82,888	82,888	-	1,042,658	7.95%
2017	82,319	82,319	-	1,044,064	7.88%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

NEW RIVER RESOURCE AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2026

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Metro – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Discount Rate	No change

EXHIBIT 7

NEW RIVER RESOURCE AUTHORITY
SCHEDULE OF AUTHORITY'S SHARE OF NET OPEB LIABILITY
GROUP LIFE INSURANCE (GLI) PLAN
FOR THE MEASUREMENT DATES OF JUNE 30, 2017 THROUGH JUNE 30, 2025

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2025	0.00610%	$ 58,693	$ 1,681,483	3.49%	78.30%
2024	0.00608%	67,848	1,562,485	4.34%	73.41%
2023	0.00571%	68,481	1,345,926	5.09%	69.30%
2022	0.00575%	69,236	1,238,889	5.59%	67.21%
2021	0.00586%	68,226	1,211,856	5.63%	67.45%
2020	0.00590%	97,794	1,205,173	8.11%	52.64%
2019	0.00568%	92,429	1,114,119	8.30%	52.00%
2018	0.00548%	84,000	1,042,658	8.06%	51.22%
2017	0.00566%	86,000	1,044,064	8.24%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

EXHIBIT 8

NEW RIVER RESOURCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GROUP LIFE INSURANCE (GLI) PLAN
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)
2026	$ 8,060	$ 8,060	$ -	$ 1,722,729	0.47%
2025	7,903	7,903	-	1,681,483	0.47%
2024	8,437	8,437	-	1,562,485	0.54%
2023	7,268	7,268	-	1,345,926	0.54%
2022	6,690	6,690	-	1,238,889	0.54%
2021	6,544	6,544	-	1,211,856	0.54%
2020	6,267	6,267	-	1,205,173	0.52%
2019	5,794	5,794	-	1,114,119	0.52%
2018	5,422	5,422	-	1,042,658	0.52%
2017	5,429	5,429	-	1,044,064	0.52%

NEW RIVER RESOURCE AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
GROUP LIFE INSURANCE (GLI) PLAN
FOR THE YEAR ENDED JUNE 30, 2026

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Metro Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Retiree Liability Estimation for Life Only	Change from 1.618% to 2.0%
Discount Rate	No change

EXHIBIT 10

NEW RIVER RESOURCE AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
HEALTH INSURANCE CREDIT (HIC) PLAN
FOR THE MEASUREMENT DATES OF JUNE 30, 2018 THROUGH JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total HIC OPEB Liability								
Service cost	$ 474	$ 474	$ 548	$ 796	$ 948	$ 848	$ 784	$ 700
Interest	1,714	1,869	1,902	1,453	1,316	1,334	1,281	1,157
Differences between expected and actual experience	5,706	(4,367)	(2,589)	(724)	(685)	(2,451)	(1,260)	78
Changes of assumptions	1,426	-	-	5,660	(208)	-	659	-
Benefit payments	(279)	(279)	(279)	(279)	-	-	-	(335)
Net change in total HIC OPEB liability	$ 9,041	$ (2,303)	$ (418)	$ 6,906	$ 1,371	$ (269)	$ 1,464	$ 1,600
Total HIC OPEB Liability - beginning	25,054	27,357	27,775	20,869	19,498	19,767	18,303	16,703
Total HIC OPEB Liability - ending (a)	$ 34,095	$ 25,054	$ 27,357	$ 27,775	$ 20,869	$ 19,498	$ 19,767	$ 18,303
Plan Fiduciary Net Position								
Contributions - employer	$ -	$ -	$ -	$ 620	$ 605	$ 603	$ 557	$ 939
Net investment income	3,957	3,289	2,045	35	6,860	500	1,491	1,494
Benefit payments	(279)	(279)	(279)	(279)	-	-	-	(335)
Administrator charges	(56)	(45)	(50)	(59)	(83)	(49)	(33)	36
Other	(1)	(1)	-	-	-	-	(2)	(171)
Net change in plan fiduciary net position	$ 3,621	$ 2,964	$ 1,716	$ 317	$ 7,382	$ 1,054	$ 2,013	$ 1,963
Plan fiduciary net position - beginning	38,055	35,091	33,375	33,058	25,676	24,622	22,609	20,646
Plan fiduciary net position - ending (b)	$ 41,676	$ 38,055	$ 35,091	$ 33,375	$ 33,058	$ 25,676	$ 24,622	$ 22,609
Authority's net HIC OPEB liability (asset) - ending (a) - (b)	$ (7,581)	$ (13,001)	$ (7,734)	$ (5,600)	$ (12,189)	$ (6,178)	$ (4,855)	$ (4,306)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	122.23%	151.89%	128.27%	120.16%	158.41%	131.69%	124.56%	123.53%
Covered payroll	$ 1,681,483	$ 1,562,485	$ 1,345,926	$ 1,238,889	$ 1,211,856	$ 1,205,173	$ 1,114,119	$ 1,042,658
Authority's net HIC OPEB liability (asset) as a percentage of covered payroll	-0.45%	-0.83%	-0.57%	-0.45%	-1.01%	-0.51%	-0.44%	-0.41%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

EXHIBIT 11

NEW RIVER RESOURCE AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
HEALTH INSURANCE CREDIT (HIC) PLAN
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2026

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess) (1) - (2)	Employer's Covered Payroll	Contributions as a % of Covered Payroll (2)/(4)
	(1)	(2)	(3)	(4)	(5)
2026	$ -	$ -	$ -	$ 1,722,729	0.00%
2025	-	-	-	1,681,483	0.00%
2024	-	-	-	1,562,485	0.00%
2023	-	-	-	1,345,926	0.00%
2022	606	606	-	1,238,889	0.05%
2021	606	606	-	1,211,856	0.05%
2020	603	603	-	1,205,173	0.05%
2019	557	557	-	1,114,119	0.05%
2018	939	939	-	1,042,658	0.09%
2017	940	940	-	1,044,064	0.09%

NEW RIVER RESOURCE AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
HEALTH INSURANCE CREDIT (HIC) PLAN
FOR THE YEAR ENDED JUNE 30, 2026

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2024 valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Metro Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Maintain Pub-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit Participation (future service retirees)	Increased participation to 87%
Benefit Participation (future disability)	Increased participation to 54%
Benefit Participation (from terminated vested)	Increased participation to 87%
Benefit Utilization (not receiving the max)	Reduced to 4%
Benefit Utilization (not receiving the max amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of Deferred Vested Members Electing to Withdraw from VRS	Reduced
Terminated Vested Member Commencement Age	Adjusted slightly
Discount Rate	No change

Other Statistical Information

Table 1

New River Resource Authority
Summary Schedule of Revenues, Expenses, and Changes in Net Position - Unaudited
For the Years Ended June 30, 2017 through June 30, 2026

Fiscal Year	Operating Revenues: Landfill Charges	Operating Revenues: Other Income	Investment Income	Total Revenues	Operating Expenses (less depreciation and landfill closure)	Landfill closure and postclosure expense	Depreciation Expense	Interest Expense	Total Expenses	Change in Net Position
2026	$ 6,592,259	$ 270,316	$ 815,064	$ 7,677,639	$ 4,722,280	$ 711,370	$ 2,184,023	$ 50,097	$ 7,667,770	$ 9,869
2025	6,363,444	487,734	1,122,636	7,973,814	5,424,524	477,444	2,544,051	58,535	8,504,554	(530,740)
2024	4,967,772	604,740	1,217,431	6,789,943	4,521,189	611,023	2,541,911	75,028	7,749,151	(959,208)
2023	5,542,135	1,072,702	214,230	6,829,067	4,047,986	(439,761)	2,195,651	22,595	5,826,471	1,002,596
2022	6,128,511	390,965	(393,497)	6,125,979	3,482,987	734,267	1,652,598	10,862	5,880,714	245,265
2021	6,779,866	306,318	118,350	7,204,534	3,471,891	294,585	1,657,930	10,859	5,435,265	1,769,269
2020	4,716,966	486,335	368,659	5,571,960	3,169,631	658,155	1,617,754	7,070	5,452,610	119,350
2019	5,311,744	114,350	513,022	5,939,116	2,881,217	(439,961)	980,809	-	3,422,065	2,517,051
2018	4,943,475	57,948	299,353	5,300,776	2,759,100	436,718	988,046	-	4,183,864	1,116,912
2017	5,178,096	82,348	275,906	5,536,350	2,585,541	174,832	916,749	-	3,677,122	1,859,228

Derived from the annual audited financial statements

COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
New River Resource Authority
Dublin, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of New River Resource Authority as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise New River Resource Authority's basic financial statements and have issued our report thereon dated October 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New River Resource Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New River Resource Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of New River Resource Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New River Resource Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
October 23, 2026